

***United States Court of Appeals
for the Second Circuit***



**APPELLANT'S
REPLY BRIEF**

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75-7629

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P/S

**United States Court of Appeals
For the Second Circuit**

TUBECO, INC.,

Plaintiff-Appellant,

v.

CRIPPEN PIPE FABRICATION CORPORATION
and HENRY O. CRIPPEN,

Defendants-Appellees.

*On Appeal From The United States District
Court For The Eastern District Of New York*

Appellant's Reply Brief

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IN THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

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TUBECO, INC.,	:	
	:	
Plaintiff-Appellant,	:	
	:	
v.	:	Appeal No.
	:	75-7629
CRIPPEN PIPE FABRICATION CORPORATION	:	
and HENRY O. CRIPPEN,	:	
	:	
Defendants-Appellees.	:	
-----X		

APPELLANT'S REPLY BRIEF

Crystallizing The Issues

Plaintiff's and defendants' Briefs pass like ships in the night. Not only does each draw different conclusions from the same case, but the facts as set forth in the respective Briefs bear only a vague resemblance to one another. We shall attempt to crystallize those facts we deem pivotal:

(a) Plaintiff is and has been an industrial pipe bender for over twenty years (no dispute).

(b) Crippen was a twelve-year employee of plaintiff's, in charge of hot-pipe bending and with full knowledge of plaintiff's processes (no dispute).

(c) Crippen surreptitiously took photographs and obtained draftsman's drawings of plaintiff's processes (no dispute).

(d) After leaving plaintiff, Crippen filed a patent application on a hot-pipe bending process (no dispute).

(e) Crippen approached plaintiff on two separate occasions attempting to sell plaintiff a license under its patent, expecting to be paid for its use (no dispute).

(f) Crippen showed his patent to a substantial number of plaintiff's customers, seeking orders for business (no dispute).

Upon the foregoing facts, we readily agree that Crippen's gesture in approaching plaintiff could be construed as "friendly" and "non-threatening". However, the foregoing list omits the most critical fact, namely: the patent coverage.

We submit that it would ignore the realities of business life to term Crippen's posture as "non-threatening" or "friendly" if his patent covers precisely that process which Tubeco had been using for the last ten years, was still using and intended to use in the future. Under such circumstances, the "friendly" gesture converts to blackmail; if anyone knew the scope of his his patent and the processes utilized by plaintiff, it was

defendant Crippen, the man who both used such a process and surreptitiously photographed it.

The Patent Unequivocally Covers The
Processes Tubeco Had Used, Is Using,
And Intends To Use

In our main Brief, we stated:

"Every single word, element, phrase and line in this claim [Crippen Patent, claim 11*] was part of Tubeco's regular commercial practices for the preceding ten years."

For this statement we relied upon Crippen Dep. pp.309-16 (App. pp.139-46); Katz Aff. of July 1973 ¶7 to 12 (App. pp. 59-62), referencing a photograph of Tubeco's apparatus, PDX 12, 12A (App. p.356); Crippen Dep. pp. 93, 125 (App. pp.110, 111); Hopgood Aff. ¶3 and 4 (App. pp.66, 67, 70, 71).

In reply, defendants state:

"... the above-quoted statement in Tubeco's Brief is so totally lacking in evidentiary support that defendants feel compelled to comment briefly on Tubeco's groundless allegation of infringement."

The sole support relied upon by defendants is the Crippen Supplemental Affidavit ¶8(a)-8(c) (App. pp.81, 82). We ask the Court to compare those affidavit statements with the evidence proffered by plaintiff, in light of the following:

(a) As set forth by Katz during his deposition, pipe-bending dies of the type involved in suit do not remain stable through use; rather, they widen or open

* It is not surprising that the Patent Examiner allowed the claim to Crippen, because Tubeco had never elected to file for a patent on its process, and Crippen never told the Patent Office Examiner that the process had been in many years of commercial use at Tubeco.

after repeated usage. Accordingly, the only manner in which they may be properly measured is by measuring the circumferential length of the arc and applying a mathematical computation to calculate the original form (Katz Dep. pp. 385-6*, and Katz Aff. ¶9-10; App. p.61). Katz, speaking from his own knowledge as manager of engineering for plaintiff, cited at least five dies which he designed, all of which have a circumferential arc of approximately 180°; ^{three were 180°} one was 175° and one 173° (Katz Aff. ¶8-12; App. pp.61-62). The Crippen patent claim calls for approximately 160°.

(b) During his deposition, Crippen, in seeking to explain the statement contained in his confidential report that "all of the components and concepts embodied in this apparatus [the Crippen Patented Apparatus] have been tested and proven on full size equipment," admitted that the place where he saw the concepts proven (those in his patent) was at Tubeco (Crippen Dep. pp. 303-304; App. pp.135-6).

(c) Crippen utilized photographs of plaintiff's equipment and copies of plaintiff's drawings to sell defendants' patented processes (see deposition and exhibit references at page 4 of our main Brief).

* Copy appended to this Brief, pp.10A,B, infra.

The Complaint Allegation Of Non-Infringement
Is Not Determinative, Nor Is Defendants'
Latter-Day Disclaimer of Infringement

As explained in plaintiff's main Brief, the pleading of non-infringement is customary in declaratory judgment actions and is not logically inconsistent. Ofttimes Courts will restrict or limit a patentee's claim, in view of the file wrapper, or in view of the prior art or of the specification itself. See for example, Japan Gas Lighter Assoc. v. Ronson Corp., 257 F.Supp.219 (D. N.J. 1966) and Wallace & Tiernan, Inc. v. General Electric Company, 291 F.Supp.217 (S.D. N.Y. 1968). But no such limitation or disclaimer was made before this lawsuit commenced.

Prior to bringing this suit, defendants were given an ample opportunity to disclaim the claims by a letter dated January 17, 1973 (App. p.12), appended to the Complaint. We quote this letter in full:

"Dear Mr. Crippen:

"The purpose of this letter is to bring to your attention a serious matter which constitutes unfair competition against our company.

"We have learned from persons in the industry that your patent has been used by you to induce prospective customers to purchase your services and machines. It was even suggested that our company may be infringing your patent. Accordingly, we have caused our attorneys to investigate the file history of your patent and to

determine the breadth of patent coverage you have acquired. We learned to our astonishment that at least one claim in your patent describes the process which had been used in our plant for many years prior to your patent application and of which you had personal knowledge. We also learned that you withheld from the Patent Office information known to you regarding our processes and techniques which should have been disclosed to it for consideration in evaluating the merits of your patent disclosure. We are advised by counsel that the purposeful withholding of information from the Patent Office which is material to a determination of patentability constitutes fraud on the Patent Office. Moreover, Claim 11 in your patent is a verbal description of the process which had been in use prior to your employment by Tubeco and which process was practiced during your employment here. Your claim of inventorship to that process is, therefore, obviously false.

"According to our lawyers, the use of your fraudulently obtained patent, for your benefit and, therefore, to our detriment is 'unfair competition' for which we have legal redress in a court of law. We therefore demand that you disclaim your patent forthwith.

"Will you please advise us by February 1, 1973 whether or not you propose to respond to our demand. If we do not hear from you by February 1, 1973, we shall proceed accordingly.

Very truly yours,

J. Weissman
Controller"

Defendants admitted receiving the letter and chose instead not to respond. It was the lack of response that triggered this suit.

The letter itself was triggered by plaintiff's realization that the defendant Crippen, having raised substantial funds predicated upon the patent, now for the first time had not only the means to conduct a patent suit

against plaintiff or its customers, but might be urged into it at any time by the financial interests which invested in his company on the basis of the patent in suit. The only question was where and when.

It was only after suit that defendants for the first time disclaimed infringement, a disclaimer which as we pointed out in our main Brief, at page 17, is totally ineffective and would render the Declaratory Judgment Act a nullity.

The Declaratory Judgment Act Has Been
Accorded Liberal Construction By This
Circuit And "a Majority

As stated by the Court in Japan Gas Lighter Assoc. v.
Ronson Corp., supra, 257 F.Supp., at p.237:

"The Declaratory Judgment Act was designed to relieve potential defendants from the Damoclean threat of impending litigation which a harassing adversary might brandish, while initiating suit at his leisure -- or never. The Act permits parties so situated to forestall the accrual of potential damages by suing for a declaratory judgment, once the adverse positions have crystallized and the conflict of interests is real and immediate."

In patent cases, the Declaratory Judgment Act has the two-fold effect of first destroying the manifestly unfair advantage gained by a patentee who makes an implied threat and never follows through (and therefore avoids placing his patent in jeopardy) and second, by effectuating the public policy of preventing invalid patents from remaining in force.

Wembley, Inc. v. Superba Cravats, Inc. 315 F.2d 87 (2 Cir. 1963).

It is for this reason that this Circuit has been consistently liberal in construing the Declaratory Judgment Act in patent cases, and it is also for this reason that Courts of this Circuit consistently consider the realities of the competitive marketplace, the real world, in assessing the subtleties of patentee threats. See for example, Muller v. Olin Mathieson Chemical Corporation, 404 F.2d 501 (2 Cir. 1968), Wallace & Tiernan, Inc. v. General Electric Company, 291 F.Supp.217 (S.D. N.Y. 1968), and Blackman v. Hadron, Inc. 450 F.2d 781 (2 Cir. 1971).

The Drew Chemical Case* Relied Upon So
Heavily By Defendants In Their Brief
Is Inapplicable

In Drew, the potential infringer sought out the patent owner, Hercules, and requested a license. Hercules, the patent owner, merely listened. Drew then submitted samples of its product for analysis and requested that the patentee test the product to see if it in fact infringed. Prior to completion of the tests, Drew, the potential infringer, commenced a Declaratory Judgment action. Subsequently, the patentee, Hercules, advised Drew that the test results indicated that Drew did not infringe.

Manifestly, Drew could not have established facts sufficient to support jurisdiction. It is difficult to conceive of a "threat" when the potential infringer seeks out the patentee and demands a test of its product.

* Drew Chem. Co. v. Hercules, Inc.,
407 F.2d 360 (2d Cir. 1969).

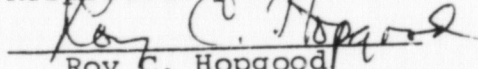
Thus, in Drew, all the initiatives were by the potential infringer. By contrast, in the present case, Crippen actively sought out Tubeco on two separate occasions, seeking tribute for use of his purported invention, a process which Tubeco recognized immediately as one which it had used for years.

CONCLUSION

Under the law of this Circuit as exemplified by Blessings Corporation v. Altman, 373 F.Supp.802 (S.D.N.Y. 1974), and cases cited therein, an actual controversy between these parties is present, and declaratory-judgment jurisdiction is proper. Crippen has a patent which covers processes central to Tubeco's business, and Tubeco disputes the validity of that patent. There can be no serious question of the clear, direct and opposed views of the parties, and "To deny that a 'case or controversy' is present is to ignore the realities of business life." Moore's Federal Practice, Volume 6A, §57.20, p.57-215.

As stated in our main Brief, the judgment of the District Court should be reversed, and the case remanded for a trial on the merits.

Respectfully submitted,


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Dated: May 6, 1976
New York, N.Y.

Attachment

Pages 385--6 of Katz Deposition Transcript

Mr. Foley.

MR. LIEBERMAN: The one more question that you said before has grown into at least ten or fifteen. Where does it end?

MR. HOPGOOD: It's like the bear's tail. You won't let go of it.

MR. PAULSON: I have no further questions at this time.

EXAMINATION BY

MR. LIEBERMAN:

Q On the apparatus which is shown at the bottom of Page 6, and by that apparatus, I'm indicating the dies, okay --

MR. HOPGOOD: In your affidavit.

Q In your affidavit, why didn't you use the measurement suggested by Mr. Paulson of taking diameter and measuring somewhere along the midpoint of that diameter when measuring these dies?

A The initial reason, as I explained, was that it was hard to get to. However, I also felt that this measurement would be meaningless because throughout the years of using a die, the space -- the opening changes. And the lip -- the portion of the lip at the 480° does tend to move away. Therefore, we -- since I was trying

1
2 to find which dies were made with a 180° circumference
3 curvature, the only thing that I could measure was the
4 actual circumference which would not have changed
5 through the years.

6 Q I noted in your testimony that the forming
7 dies used at Tubeco do not have the elliptical arc
8 at both ends, but you testified that they only have
9 them at one end. Why is that?

10 MR. LIEBERMAN (Continuing): I believe
11 his testimony was in the photograph that he
12 looked at, he saw the --

13 Q (Continuing) Did Tubeco follow the
14 practice of making that elliptical curve at both ends?
15 And if not, why not?

16 MR. HOPGOOD: He marked it up.

17 A No, we did use elliptical cuts on both ends.

18 Q Yes?

19 A In one case, it was to insert pipe.

20 Q Yes?

21 A To ease the insertion of the pipe. In the other
22 case, it was to prevent sharp corners from denting the
23 pipe during bending.

24 Q Do you insert pipe from either direction
25 at Tubeco?

HOPGOOD 2202
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STATE OF NEW YORK)
: SS.
COUNTY OF NEW YORK)

ROBERT BAILEY, being duly sworn, deposes and says, that deponent is not a party to the action, is over 18 years of age and resides at 286 Richmond Avenue, Staten Island, N.Y. 10302. That on the 6 day of May 1976 deponent served the within - Brief upon:

Horgan, Finnegan, Pine, Foley & Lee, Esqs.

attorney(s) for
Appellee

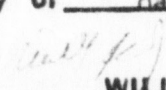
In this action, at
345 Park Avenue, NYC

the address(es) designated by said attorney(s) for that purpose by depositing 3 true copies of same enclosed in a postpaid properly addressed wrapper, in an official depository under the exclusive care and custody of the United States post office department within the State of New York.



Robert Bailey

Sworn to before me, this 6
day of May, 1976.


WILLIAM BAILEY
Notary Public, State of New York
No. 43-0132845
Qualified in Richmond County
Commission Expires March 30, 1977

